



ALAMEDA COUNTY  
CONGESTION MANAGEMENT AGENCY

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*Board Agenda Item 8.2  
January 22, 2009*

**Memorandum**

**DATE:** January 13, 2009  
**TO:** CMA Board  
**FROM:** Administration and Legislation Committee  
**SUBJECT:** Audit Services Procurement Policy

**Action Requested:**

It is recommended that the Board revise the adopted Administrative Services Procurement Policy to permit incumbent financial auditors a maximum of one five year extension to a financial audit firm contract. A maximum of ten years with one audit firm would be permitted with a competitive bidding required at the conclusion of the initial five year contract. Audit firm proposals will be evaluated by the Audit Committee which will then provide a recommendation to the Board for approval. The current Administrative Services Procurement Policy, which was adopted on April 26, 2007, requires a mandatory rotation for these services at the end of five years.

**Discussion:**

On April 26, 2007, the Board adopted the Administrative Services Procurement Policy which limited all contracts for state and federal legislative advocates, computer services, audit and legal counsel services to five years that exceed \$50,000 over the five year period. The Policy further stated that a "formal bidding process including advertising, submission of a proposal, and an interview" be required for procuring these services beyond the five year period. However, the Policy made an exception for financial audit services by also stipulating that "incumbent auditors are not eligible to re-bid".

The Administration and Legislation Committee discussed staff's recommendation to remove the mandatory rotation requirement and concluded that the mandatory rotation should remain, but at the conclusion of a maximum of one five year contract extension to a current audit firm. In addition, the Committee concluded that a competitive bidding process for financial audit services should occur at the conclusion of the first five year contract and that the Audit Committee evaluate the proposals and recommend the preferred firm to the Board for approval. If the incumbent firm were to be selected and approved by the Board, it could only be for a maximum of an additional five years.

**Financial Impact to the CMA Budget**

There are no financial implications of the recommended action to the FY 08/09 CMA budget.

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